

## Minutes of the meeting held on December 6, 2021

Present: Francis Murphy – Chair, James Monagle, Michael Gardner, Nadia Chamblin-Foster, John Shinkwin, Ellen Philbin, James Quirk, Rafik Ghazarian, David Kale and Chris Burns.

The meeting was called to order at 1:00 PM. The meeting was digitally recorded. The entire meeting was conducted by Webex videoconference.

### Agenda Item #1 – Cambridge Bancorp Presentation

Denis K. Sheahan and Michael F. Carotenuto represented Cambridge Bancorp. A written presentation was submitted to the Board. The bank now has \$3.9 billion in deposits and \$3.3 billion in gross loans. The bank processed over 1,500 PPP loans, valued at \$293 million, all backed by the Small Business Administration. Sheahan stated that he believed these loans benefitted approximately 24,000 jobs. Sheahan stated that he was pleased that the bank was able to maintain services at a high level during the pandemic. The bank has fewer loans in deferral than it did in 2020. Sheahan reviewed diversity initiatives. He noted that the Board is more than half female, and was recognized as the most diverse Board of any company listed on NASDAQ. The loan portfolio has grown rapidly, up nearly 20% in 2021. Sheahan discussed the importance of growing the loan portfolio as a way to compensate for higher-rate loans being paid off and replaced by loans with lower interest rates. Wealth management assets have also grown rapidly, with \$4.5 billion now under management. The stock's dividend continues to increase, paying \$2.38 per share in 2020. Sheahan noted that the bank has increased its dividend in each of the last 22 years. Non-performing loans total 0.18% of the loan portfolio. Carotenuto stated that this was significantly better than other small banks, which generally run at about 0.5% non-performing loans. At present, Cambridge takes all dividends in cash. Sheahan stated that the bank does not have a mechanism to allow dividends to be reinvested but is working on developing a process. Monagle noted that the bank operates only two wealth management offices in Massachusetts, but three in New Hampshire. Sheahan stated that there is a great deal more competition for wealth management services in Massachusetts and the bank was fortunate to have found a niche to operate with somewhat less competition in New Hampshire. Sheahan stated that he was broadly pleased with the Wellesley merger and felt the integration had gone well. Kale asked if Cambridge Bancorp could remain independent, given the recent merger activity in the banking space. Sheahan stated that he felt that mergers were being driven by the need to acquire volume in a low-interest-rate environment, and by the need to compete with online banks. The recent mergers have given Cambridge Bancorp a scale that allows it to compete in the current environment. He stated that if the bank receives a takeover offer, he has a fiduciary duty to consider it.

Francesco Daniele and Emily Green represented the PRIT Fund. A written portfolio report was submitted to the Board. Daniele noted the hiring of a new analyst on the Private Equity team, Helen Huang. Green discussed the implementation of PRIT's FUTURE Initiative, which aims to enhance diversity among fund managers. She also discussed the Aggregate Confusion Project, where PRIT has partnered with MIT/Sloane School to improve the measurement of ESG data. Recently enacted legislation has committed PRIT to ensuring that 20% of fund assets are managed by women/minorities/persons with disabilities. In 2021, PRIT adopted a change to their asset allocation strategy, shifting the target for Private Equity up 1% and the target for Hedge Funds down 1%. Private Equity has been, by far, the strongest performing asset class, returning 68.5% over the last year and 21.9% annually over the last ten years.

Daniele described the composition of the real estate sleeve. Approximately 82% of the portfolio is privately held assets, some of which PRIT owns directly. 18% of the portfolio consists of two publicly traded REITs. The private portfolio is mainly properties in the United States, while the REITs add some global exposure. PRIT has moved to diversify their office portfolio by

including data centers, and medical/lab space. He stated that any commitment from Cambridge would be invested immediately. None of the investment classes have seen any recent capacity issues, and Daniele stated that the fund will continue to accept investments from any system. Daniele described the function of the hedge fund sleeve, stating that their function is primarily to control risk, and that they would not provide equity-like returns. He stated that PRIT has been able to reduce Hedge Fund fees by moving away from fund-of-funds managers. Gardner asked if Cambridge had ever considered putting money into REITs. Ghazarian stated that the system would still have to go through an RFP process before investing in REITs. He also noted that REITs tend to be highly correlated with the equity markets and don't offer the same diversification as private real estate managers.

#### Agenda Item #3 – Minutes

Motion by Shinkwin, seconded by Gardner to accept the regular minutes of the meeting held on November 1, 2021. Voted unanimously.

Motion by Gardner, seconded by Monagle to accept the executive session minutes of the meeting held on November 1, 2021. Voted unanimously.

#### Agenda Item #4 - Warrants

Motion by Shinkwin, seconded by Monagle to accept payment of Warrant #22 in the amount of \$8,361,770.63 and Warrant #23 in the amount of \$463,365.16. Voted unanimously.

#### Agenda Item #5 – Superannuations

Motion by Shinkwin, seconded by Monagle to accept the Superannuation retirement applications submitted by Teresa Boukraa, Library Assistant with nineteen years, Martin Ferro, Carpenter, Cambridge Housing Authority with twenty-four years, one month; Joycelyn Hollis, Leasing Officer II, Cambridge Housing Authority with sixteen years, four months; Calvin Lee, HVAC Technician, Cambridge Health Alliance with twenty years, nine months; Thomas McCarthy Jr, Construction Manager, Community Development Dept. with fifty-one years, two months; Gregory Noseworthy, Bus Driver, School Dept. with thirty years, six months; Ellen O'Connor, Registered Nurse, Cambridge Health Alliance with thirty-nine years, Monique Rowling, Leasing Officer, Cambridge Housing Authority with ten years, eleven months; and Alexandra Santamaria, Clinical Pharmacist Specialist, Cambridge Health Alliance with twenty-one years, seven months. Voted unanimously.

#### Agenda Item #6 - Make-ups/Redeposits/Liability

The Board reviewed make-up and redeposit worksheets for ten members.

Motion by Monagle, seconded by Chamblin-Foster to allow the make-up of deductions requested by Sophia G. Broberg, 1 year, 1 month; Leila Chergui, 10 months; Joseph A. Egitto, 1 year, 11 months; Kelly M. Golia, 1 month; Yesli J. Interiano-Paez, 1 year, 2 months; Panagis T.

Kougianos, 7 months; Lance O. Mayo, 8 months (accepting liability of service at MWRA); and Michael D. O'Shea, 1 month. Voted unanimously.

Motion by Shinkwin, seconded by Monagle to allow the redeposit of refunds for David T. Harding, 10 years, 6 months and Teane A. Scott, 1 year, 7 months. Voted unanimously.

#### Agenda Item #7 – Refund Applications

The Board reviewed four refund applications submitted in November.

Motion by Gardner, seconded by Monagle to accept four refund applications. Voted unanimously.

The Chairman requested to adjourn the open meeting and go into executive session for the purpose of discussing disability retirement applications. The Chairman stated that the meeting

would reconvene in open session the conclusion of the executive session. On a roll call, the vote was as follows:

John Shinkwin:	YES
Michael Gardner:	YES
Nadia Chamblin-Foster	YES
James Monagle:	YES
Francis Murphy:	YES

#### Agenda Item #8 – Accidental Disability Benefit – Anthony Green

The Board reviewed the certificate and narrative reports of three separate medical exams, the member's application, treating physician's statement and employer's statement pertaining to Anthony Green's Accidental Disability application. Attorney Morgan Gray appeared with Anthony Green.

Motion by Shinkwin, seconded by Chamblin-Foster to accept the findings of the medical panel and grant Accidental Disability benefits to Anthony Green, Junior Custodian in the School Dept. Voted unanimously.

#### Agenda Item #9 – PERAC Remand – James Ravanis

The Board reviewed a remand letter from PERAC, correspondence from Attorney Quirk and the findings of fact prepared in the matter of James Ravanis' Accidental Death application. Attorney Thomas Gibson and Attorney Gerry McDonough appeared representing Kerry Ravanis. Gibson stated that he was disappointed that the application was not approved. He stated that he had already communicated with PERAC to express some of his concerns.

Gardner moved to appoint Attorney James Quirk as a hearing officer, requesting that he take evidence and prepare a report on potential amendments to the findings of fact. He requested that, if at all possible, the report be completed in time for consideration at the March meeting.

Monagle seconded the motion and it was voted unanimously.

#### Agenda Item #10 – Accidental Disability Application – Katie Masse

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to Katie Masse's application for either Accidental or Ordinary Disability benefits. Katie Masse, Attorney Alan Shapiro and Aleksandra NesSmith appeared before the Board.

Motion by Shinkwin, seconded by Monagle to accept the application for either Accidental or Ordinary Disability benefits filed by Katie Masse, a Patrol Officer in the Police Dept., and to request that PERAC convene a medical panel. Voted unanimously.

#### Agenda Item #10 – 2022 Proposed Board Meeting Schedule

The Board reviewed a proposal for the dates of regular monthly meetings in 2022.

Motion by Gardner, seconded by Chamblin-Foster to accept the 2022 meeting schedule. Voted unanimously.

#### Agenda Item #11 – Administrative Budget

The Board reviewed a proposed administrative budget for calendar year 2022.

The Director noted that the fiduciary insurance premium has increased substantially. She stated that she had a conversation with Paul Shanley, who stated that this was related to increasing numbers of securities litigation cases. Gardner asked that she report back to clarify how securities litigation affects the cost of the policy. The Director stated that she had budgeted for travel and conference registration fees, after two years with almost no travel expenditures. The Director noted that there would be a Board election in 2022 and an actuarial valuation.

Motion by Shinkwin, seconded by Chamblin-Foster to approve the 2022 administrative budget in the amount of \$11,880,211.00. Voted unanimously.

Agenda Item #12 – PERAC Memos

The Board reviewed PERAC Memo #31. No action was taken.

Agenda Item #13 - Old Business

The Director stated that she was working with Sheila Keady-Rawson to coordinate a training session around pre-employment physical exams in January or February 2022.

Agenda Item #14 - New Business

Gardner moved to shift \$30 million from the domestic equity sleeve into the PRIT Real Estate fund. Shinkwin seconded the motion and it was voted unanimously.

Agenda Item #15 – Executive Session

Agenda Item #8 – adopted

Agenda Item #9 – appointed hearing officer

Agenda Item #10 – adopted

Agenda Item #16 - Chairman's Report

The Mass. Retirees Association has released their legislative agenda for 2022. One of their proposals is to authorize local Board to pay a COLA of 5.9% for fiscal year 2023. Another proposal is to pay enhanced COLAs to retirees with longer service time. Quirk noted Chapter 32, Section 90A, 90B, 90C and 90D already authorizes enhanced benefits for long term employees, if they are accepted by the City Council. The Chairman asked if Segal, as part of the next valuation, could determine how many people would be eligible for Sec. 90 enhancement, and what the cost would be to the system. The Director stated that she would also see if the staff could prepare a preliminary report.

Agenda Item #17 – Executive Director's Report

The Director reported that the staff is preparing for a large mailing of year end statements. Cambridge Health Alliance has switched to a new payroll system, and the staff has been working to test to ensure compatibility with the PTG database.

The Chairman requested that the Director report in January on the number of retirees who died from COVID in 2021.

The following documents were also reviewed by the Board:

- Notice of Retiree Deaths
- NCPERS Newsletter – Fall 2021
- Bernstein Litowitz Berger & Grossman Q3 2021 Report
- Correspondence re: Hancock Natural Resource Group is adopting the Manulife Investment Management brand.

Monagle moved to adjourn at 4:10 PM.